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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-932]

#### Certain Steel Threaded Rod from the People's Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On May 9, 2011, the Department of Commerce (“Department”) published the Preliminary Results of the first administrative review of the antidumping duty order on certain steel threaded rod (“steel threaded rod”) from the People's Republic of China (“PRC”).<sup>1</sup> We gave interested parties an opportunity to comment on the Preliminary Results and, based upon our analysis of the comments and information received, we made changes to the margin calculations for the final results of this review. The final weighted-average margins are listed below in the “Final Results of the Review” section of this notice. The period of review (“POR”) is October 8, 2008, through March 31, 2010.

EFFECTIVE DATE: [Insert date of publication]

FOR FURTHER INFORMATION CONTACT: Toni Dach or Steven Hampton, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1655 or (202) 482-0116, respectively.

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<sup>1</sup> See Certain Steel Threaded Rod from the People's Republic of China: Preliminary Results of the First Administrative Review and Preliminary Rescission, in Part 76 FR 26696 (May 9, 2011) (“Preliminary Results”).

## SUPPLEMENTARY INFORMATION:

### Case History

As noted above, on May 9, 2011, the Department published the Preliminary Results of this administrative review. On May 31, 2011, the Department received surrogate value information to value factors of production (“FOP”) for the final results from Jiaxing Brother Fastener Co., Ltd. and its affiliates<sup>2</sup> (collectively the “RMB/IFI Group”).

The Department invited interested parties to comment on the Preliminary Results. Between June 22 and July 5, 2011, the Department received case and rebuttal briefs from Petitioner,<sup>3</sup> the RMB/IFI Group, Gem-Year Industrial Co. Ltd. (“Gem-Year”), and Hubbell Power Systems, Inc. (“Hubbell”). On July 22, 2011, the Department extended the time limit for completion of the final results of this administrative review until October 31, 2011.<sup>4</sup> On June 27, 2011, the Department invited comments from parties regarding the Department’s wage rate methodology, in response to which the Department received no comments.<sup>5</sup> On July 7, 2011, the Department placed entry data on the record of this review regarding certain entries by Zhejiang New Oriental Fastener Co., Ltd. (“New Oriental”) and invited comments on this data. On July 14, 2011, the Department received comments on this entry data from Petitioner. Also, on July 14, 2011, the Department received comments from Gem-Year regarding the Department’s collection of new factual information. On August 11, the Department held a public hearing, attended by representatives for Petitioner, the RMB/IFI Group, and Hubbell. As a result of our analysis, the Department has made changes to the Preliminary Results.

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<sup>2</sup> RMB Fasteners Ltd. and IFI & Morgan Ltd.

<sup>3</sup> Vulcan Threaded Products Inc.

<sup>4</sup> See Certain Steel Threaded Rod From the People’s Republic of China: Extension of Time Limit for the Final Results of Antidumping Duty Administrative Review, 76 FR 4398 (July 22, 2011).

<sup>5</sup> See Letter to All Interested Parties, From Toni Dach, Re: First Antidumping Duty Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China, dated June 27, 2011.

### Scope of the Order

The merchandise covered by the order is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to the order are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Included in the scope of the order are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or

- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheading 7318.15.5050, 7318.15.5051, 7318.15.5056, 7318.15.5090, and 7318.15.2095 of the United States Harmonized Tariff Schedule (“HTSUS”). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of the order are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties are addressed in “First Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Issues and Decision Memorandum for the Final Results,” (October 31, 2011) (“I&D Memo”). A list of the issues which parties raised, and to which the Department responded in the I&D Memo, is attached to this notice as an Appendix. The I&D Memo is a public document and is on file in the Central Records Unit (“CRU”), main Commerce Building, Room 7046, and is accessible on the Department’s website at <http://www.trade.gov/ia>. The paper copy and electronic version of the memorandum are identical in content.

### Changes Since the Preliminary Results

Based on a review of the record and comments received from interested parties regarding our Preliminary Results, the Department has made certain revisions to the surrogate values used in the calculation of the margin for the RMB/IFI Group. For changes to the surrogate values (“SVs”), see the I&D Memo and “Memorandum to the File, through Scot T. Fullerton, Program Manager, AC/CVD Operations, Office 9, from Toni Dach, International Trade Analyst, AD/CVD Operations, Office 9, First Antidumping Duty Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Surrogate Values for the Final Results,” (October 31, 2011).

Since the Preliminary Results, the Department has determined that New Oriental’s no-shipment certification was not supported by record evidence, that it, in fact, had entries subject to this review, and that New Oriental did not act to the best of its ability in providing information regarding its shipments. Therefore, we are applying adverse facts available (“AFA”) to New Oriental. Further, as New Oriental did not file a separate rate application, it has not demonstrated its eligibility for a separate rate. Accordingly, the Department will consider New Oriental a part of the PRC-Wide Entity.

The Department also updated the language of the scope of this order to reflect the fact that HTSUS subheading 7318.15.5050 was replaced with two new subheadings: 7318.15.5051 for “Continuously threaded rod: Of alloy steel” and 7318.15.5056 for “Continuously threaded rod: Other” (i.e., of carbon steel). See I&D Memo at Comment 9.

### Final Partial Rescission

In the Preliminary Results, the Department preliminarily rescinded the review with respect to Gem-Year. Gem-Year submitted information to the Department indicating that it had no

suspended entries of subject merchandise during the POR. As stated in the Preliminary Results, Gem-Year failed to meet the requirements to qualify for an administrative review.<sup>6</sup> Comments received by the Department regarding the preliminary rescission of Gem-Year are addressed in the I&D Memo. As a result of the Department's analysis of the comments received regarding our preliminary rescission of this review with respect to Gem-Year, the Department is rescinding the administrative review with respect to Gem-Year.

In the Preliminary Results, the Department preliminarily rescinded the review with respect to New Oriental, based on New Oriental's certification that it made no shipments of subject merchandise during the POR. Subsequent to the Preliminary Results, U.S. Customs and Border Protection ("CBP") notified the Department that suspended entries existed for New Oriental during the POR. The Department obtained entry documentation for certain suspended entries of New Oriental's subject merchandise, placed these entry documents on the record on July 7, 2011, and invited comments on these entry documents by interested parties. On July 14, 2011, Petitioner submitted comments on New Oriental's entry packages. No other party submitted comments on this topic. Petitioner's comments are addressed in the I&D Memo. The Department's analysis of these entry documents and the comments received indicate that New Oriental did not ensure, to the best of its ability, that the information submitted to the Department was accurate. Accordingly, because we determine that New Oriental had shipments of subject merchandise during the POR, we are not rescinding the review for New Oriental. For further analysis of this issue, please see "Adverse Facts Available" section below and the I&D Memo at Comment 3.

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<sup>6</sup> See Preliminary Results, 76 FR at 26697.

## Separate Rates

In proceedings involving NME countries, it is the Department's practice to begin with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty rate.<sup>7</sup>

In our Preliminary Results, we determined that, in addition to the mandatory respondents, the following 7 companies met the criteria for separate rate status: Certified Products International Inc.; Haiyan Dayu Fasteners Co., Ltd.; Jiashan Zhongsheng Metal Products Co., Ltd.; Jiaxing Xinyue Standard Part Co. Ltd.; Shanghai Prime Machinery Co. Ltd.; Suntec Industries Co. Ltd.; and Haiyan Julong Standard Part Co. Ltd. The Department has not received any information since the issuance of the Preliminary Results that provides a basis for reconsideration of this treatment. Therefore, the Department continues to find that the above-named companies meet the criteria for a separate rate.

In our Preliminary Results, we indicated that we intended to rescind this review with respect to New Oriental on the basis of its no-shipment certification. Since that time, the Department has received information contradicting New Oriental's no shipment certification. New Oriental did not comment on this new information, despite the Department providing an opportunity to do so, and did not file a separate rate application or certification, as required of all companies wishing to demonstrate their independence from government control. Therefore, New Oriental has failed to demonstrate its independence from the PRC government and, consequently,

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<sup>7</sup> See Separate Rates and Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries, 70 FR 17233 (April 5, 2005); see also Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079, 53080 (September 8, 2006); and Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China, 71 FR 29303, 29307 (May 22, 2006).

its eligibility for a separate rate. Because we are not rescinding the review with respect to New Oriental, New Oriental will be considered a part of the PRC-wide entity for these final results.<sup>8</sup>

#### Separate Rate Calculation

We note that the statute and the Department's regulations do not directly address the establishment of a rate to be applied to individual companies not selected for examination where the Department limited its examination in an administrative review pursuant to section 777A(c)(2) of the Tariff Act of 1930, as amended ("the Act"). The Department's practice in cases involving limited selection based on exporters accounting for the largest volumes of trade has been to look for guidance in section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation. Consequently, the Department generally weight-averages the rates calculated for the mandatory respondents, excluding zero and de minimis rates and rates based entirely on facts available ("FA"), and applies that resulting weighted-average margin to non-selected cooperative separate-rate respondents.<sup>9</sup>

However, the Department has, for these final results, calculated a de minimis dumping margin for the sole participating mandatory respondent, the RMB/IFI Group. The Department has additionally assigned an AFA dumping margin to the other mandatory respondent, Shanghai Recky International Trading Co. Ltd. ("Shanghai Recky"), as part of the PRC-wide entity.<sup>10</sup> See "PRC-Wide Entity" section below. In this circumstance, we again look to section 735(c)(5) of the Act for guidance. Section 735(c)(5)(A) of the Act instructs that we are not to calculate an all-others rate using any zero or de minimis margins or any margins based entirely on FA. Section

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<sup>8</sup> See I&D Memo at Comment 3.

<sup>9</sup> See, e.g., Wooden Bedroom Furniture From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, Preliminary Results of New Shipper Review and Partial Rescission of Administrative Review, 73 FR 8273 (February 13, 2008) (unchanged in Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review, 73 FR 49162 (August 20, 2008)).

<sup>10</sup> No party commented on the Department's application of adverse facts available to Shanghai Recky in the Preliminary Results.



735(c)(5)(B) of the Act also provides that, where all margins are zero rates, de minimis rates, or rates based entirely on FA, we may use “any reasonable method” for assigning the rate to non-selected respondents. Therefore, because all rates in this proceeding are de minimis or based entirely on FA, we must look to other reasonable means to assign separate rate margins to non-reviewed companies eligible for a separate rate in this review. In the Preliminary Results, we found that a reasonable method was to assign to non-reviewed companies in this review the rate calculated in the most recent segment for any company that was not zero, de minimis, or based entirely on FA.<sup>11</sup> No party has made an argument that the Department should use an alternative calculation to determinate the separate rate. We, therefore, continue to find that a reasonable method is to assign to non-reviewed companies in this review the only rate that has been calculated in this proceeding that was not zero, de minimis, or based entirely on FA. Pursuant to this method, we are assigning to the separate rate respondents in the instant review the rate of 55.16 percent, from the less-than-fair-value (“LTFV”) investigation calculated for cooperative separate rate respondents.

#### PRC-Wide Entity

In the Preliminary Results, the Department treated certain PRC exporters/producers as part of the PRC-wide entity because they did not demonstrate that they operate free of government control.<sup>12</sup> In addition, the Department treated Shanghai Recky as part of the PRC-wide entity as it failed to respond to the Department’s requests for information, including with respect to its eligibility for a separate rate.<sup>13</sup> Since the Preliminary Results, the Department has determined that New Oriental is subject to this review because it had shipments of subject merchandise during the POR. However, New Oriental failed to submit a separate rate application. Because New Oriental

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<sup>11</sup> See Preliminary Results, 76 FR at 26699.

<sup>12</sup> Id. at 26699-26700.

<sup>13</sup> Id. at 26703.

has not established its eligibility for a separate rate, it is considered to be a part of the PRC-wide entity. See I&D Memo at Comment 3. No additional information was placed on the record with respect to the remaining 115 companies after the Preliminary Results. Because the Department begins with the presumption that all companies within a NME country are subject to government control, and because only the companies listed under the “Final Results of Review” section below have overcome that presumption, the Department is applying a single antidumping rate, i.e., the PRC-wide entity rate, to all other exporters of subject merchandise from the PRC. The PRC-wide rate applies to all entries of the merchandise under consideration, except for those from companies which have received a separate rate.

In accordance with section 776(a) and (b) of the Act and as explained in more detail in the Preliminary Results, we determined that the PRC-wide entity's rate should be based on total AFA.<sup>14</sup> No party has commented on the use of a total AFA rate for the PRC-wide entity. For these final results, the Department determined that New Oriental, which is part of the PRC-wide entity, failed to cooperate to the best of its ability. Accordingly, the Department continues to assign an AFA rate to the PRC-wide entity. As an AFA rate, the Department continues to use the highest percent margin alleged in the Petition, 206.00 percent.<sup>15</sup> As explained in the Preliminary Results, the Department considers that rate corroborated pursuant to section 776(c) of the Act based upon our comparison of this rate to transaction-specific margins for the RMB/IFI Group.<sup>16</sup> No party has commented on the Department's corroboration of the selected total AFA rate for the PRC-wide entity.

#### Facts Available

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<sup>14</sup> Id. at 26703.

<sup>15</sup> See Certain Steel Threaded Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 74 FR 8907, 8910 (February 27, 2009).

<sup>16</sup> See Preliminary Results, 76 FR at 26703-26704.

Sections 776(a)(1) and 776(a)(2) of the Act provide that, if necessary information is not available on the record, or if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party “promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information,” the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e) of the Act, disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed “deficient” under section 782(d) if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete

that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability in providing the information and meeting the requirements established by the Department; and (5) the information can be used without undue difficulties.

#### Adverse Facts Available

Section 776(b) of the Act provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Such an adverse inference may include reliance on information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

On July 7, 2011, the Department placed information obtained from CBP on the record of this review contradicting New Oriental's no-shipment certification. Despite being given an opportunity to comment on this data, New Oriental provided no explanation for this discrepancy. As a result of the Department's analysis of this information, the Department has concluded that New Oriental had shipments of subject merchandise during the POR. Because New Oriental failed to provide accurate information regarding its shipments, the Department determines that New Oriental significantly impeded the proceeding pursuant to section 776(a)(2)(C) of the Act. Furthermore, in accordance with section 776(b) of the Act, the Department finds that New Oriental failed to cooperate to the best of its ability by reporting inaccurate information and not responding to the information placed on the record by the Department demonstrating shipments of subject merchandise from New Oriental. Further, as explained above, we find that New Oriental should be treated as part of the PRC-wide entity because although it had shipments during the

POR, it failed to provide information regarding its eligibility for a separate rate.<sup>17</sup> Accordingly, we are continuing to apply AFA to the PRC-wide entity, which includes New Oriental and Shanghai Recky.

#### Final Results of the Review

The weighted-average dumping margins for the POR are as follows:

<b>Exporter</b>	<b>Weighted-Average Margin</b>
RMB Fasteners Ltd., and IFI & Morgan Ltd. (“RMB/IFI Group”)	0.37% ( <u>de minimis</u> )
Suntec Industries Co., Ltd.	55.16%
Shanghai Prime Machinery Co. Ltd.	55.16%
Jiaxing Xinyue Standard Part Co., Ltd.	55.16%
Certified Products International Inc.	55.16%
Jiashan Zhongsheng Metal Products Co., Ltd.	55.16%
Haiyan Dayu Fasteners Co., Ltd.	55.16%
Haiyan Julong Standard Part Co. Ltd.	55.16%
PRC-wide Entity (including Gem-Year Industrial Co. Ltd., Shanghai Recky International Trading Co. Ltd., and Zhejiang New Oriental Fastener Co., Ltd.)	206.00%

#### Assessment

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries. The Department intends to issue assessment instructions to CBP 15 days after the date of publication of the final results of review. Pursuant to 19 CFR 351.212(b)(1), the Department will calculate importer-specific (or customer) per unit duty assessment rates based on the ratio of the total amount of the dumping margins calculated for the examined sales to the total entered value of those same sales. The Department will instruct CBP

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<sup>17</sup> See I&D Memo at Comment 3.

to assess antidumping duties on all appropriate entries covered by this review if any importer-specific assessment rate is above de minimis.

#### Cash Deposit Requirements

The following cash-deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) For the exporters listed above, the cash deposit rate will be the rate established in these final results of review (except, if the rate is zero or de minimis, i.e., less than 0.5 percent, a zero cash deposit rate will be required for that company); (2) for previously investigated or reviewed Chinese and non-Chinese exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (3) for all Chinese exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 206.00 percent; and (4) for all non-Chinese exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the Chinese exporters that supplied that non-Chinese exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

#### Reimbursement of Duties

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this POR. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties has occurred and the subsequent assessment of doubled antidumping duties.

### Administrative Protective Orders

This notice also serves as a final reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i) of the Act.

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Paul Piquado  
Assistant Secretary  
for Import Administration

October 31, 2011 \_\_\_\_\_  
Date

## Appendix I – Issues & Decision Memorandum

- Comment 1: Rescission of Review With Respect to Gem-Year
- Comment 2: Application of AFA to Shanghai Recky
- Comment 3: No Shipments Certification from New Oriental
- Comment 4: Wage Rate
- Comment 5: Excluding Sterling Tool's Financial Statement
- Comment 6: Selection of Surrogate Financial Statements
- Comment 7: Correction of Error in Financial Ratios for Nasco Steels Private Limited
- Comment 8: Surrogate Value for Hydrochloric Acid
- Comment 9: Adding HTSUS Numbers to the Scope
- Comment 10: Separate Rate Determination
- Comment 11: Zeroing

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